

2013 Property Tax Reform

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County Treasurers Fall ISAC
November 14, 2013



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**Be direct, usually
one can accomplish
more that way.**



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2013 Property Tax Reform

Highlights:

- Business Property Tax Credit
- Assessment Limitations
- Multi-residential
- Telecommunications Exemption
- Process
- Summary



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426C Business Property Tax Credit

- **Assessor**
 - Determines unit qualification
 - Provides recommendation of units to Auditor
 - Files with IDR for Business Property Tax Credit Unit ID#
- **“Responsible Party”**
 - Retrieves file of IDR assigned BPTC Unit ID#’s
- **Auditor**
 - Provides units to Supervisors for approval
 - Data file for credit calculations with IDR
 - Receives calculated credit from IDR
- **Treasurer**
 - Bills and collects
- **IDR**
 - Calculates & Audits



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426C Business Property Tax Credit

Credit Against Tax

- Based on C/I, RR property *units*
- 2013 Assessment 1st year
 - January 15, 2014 applications due
 - Subsequent years: due date March 15th for prior year assessment
- Statewide calculation
 - Qualifying units & applicable valuations
 - Associated consolidated rates or
 - Associated average consolidated rates
- Determination of the value by unit that spends 98% of fund balance



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426C.1 & 426C.4 Business Property Tax Credit

Qualifications

- Classed commercial or industrial or railroad
- *Excludes:*
 - *Section 42 housing*
 - *Mobile home parks*
 - *Manufactured home communities*
 - *Land-leased community*
 - *Assisted living facilities*
 - *Anything Defined in new 441.21, Subsection 13: property **primarily** used or intended for human habitation containing three or more separate dwelling units.*



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426C.1 & 426C.4 Business Property Tax Credit

Unit is:

- Within the same county
- Same classification
- Same ownership
- Separate item on tax list
- Operated by that “person” for common use and purpose
- Units maybe contiguous parcels:
 - share common boundary
 - within same building or structure, regardless of boundary
 - BLL’s are contiguous as long as the land upon which they sit is contiguous regardless of the land ownership



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426C.1 & 426C.4 Business Property Tax Credit

- Application process
 - A person may apply for the credit
 - Once credit is approved a transfer or change in ownership requires reapplication by the buyer or seller
- Assessor recommends approval to Auditor
 - If disallowed appeal is to District Court 426C.6
- Auditor submits final listing with Unit ID #'s from IDR to County Supervisors for final approval

426C.2 Business Property Tax Credit

TERMS: **A1 or A2 times B = C**
 C times D = Credit

A1 (J) - “Initial” Amount (amount of valuation the spends 98% of fund) OR

A2 (B) - 100% DOM Assessed Value

B (I) - Multiplier (difference in rollbacks)

C (L) - Amount used to calculate the credit/1000 *

D (F) - Average Consolidated Levy Rate (for the unit)



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426C2 Business Property Tax Credit

- Auditor File submission to IDR June 30th
- IDR file review and calculations for credit for each parcel
 - 2 weeks
- July 15th IDR return file with calculated credits to Auditor
 - Impact on production of statements
- 426C.5 Tax statements require credit to indicate paid from the fund



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426C.2 & 426C.5 Business Property Tax Credit

How much?

- FY 2014/15: \$50 Million
- FY 2015/16: \$100 Million
- FY 2016/17: \$125 Million
- Capped at: \$125 Million

Payment to Counties

- November 15th and March 15th each FY
- Treasurer allocates to taxing districts



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441.21 Property Assessment Limitations

Allowable Growth - Residential & Agricultural

- Reduced from 4% to 3%
- Continue to be tied together

Commercial, Industrial, Railroad Rollback or Assessment Limitation

- 95% 2013 Assessment Rollback
- 90% 2014 Assessment Rollback



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441.21A Replacement Claims

Only For Commercial & Industrial Classes

- Payment from State for reduction in taxable value
- 95% rollback or assessment limitation
- 90% rollback or assessment limitation

How much?

- Appropriation covers all claims for FY 2014/2015
- Appropriation covers all claims capped at total amount for FY 2016/2017
- Not subject to uniform reduction
- Prorated if claims exceed FY 2016/2017 appropriation

When?

- Claims paid in September and March of each fiscal year



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441.21A Replacement Claims

Process:

- Auditor prepares statement for claim amount.
- Submits to IDR in August
- By taxing district
- Portion of replacement claims considered property tax for school foundation payments



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433.4 Telecommunications Exemption

2013 Assessment

- 0-20M value = 20%
- 20M-55M value = 17.5%
- 55M - 500 value = 12.5%
- >500M value = 10%

2014 Assessment

- 0-20M value = 40%
- 20M-55M value = 35%
- 55M - 500 value = 25%
- >500M value = 20%



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441.21 Subdivision 13

Multi-Residential Classification

Beginning 2015 Assessment New Class

- Includes:
 - mobile home parks 435.1
 - manufactured home communities 335.30A & 414.28A
 - land-leased communities 335.30A & 414.28A
 - assisted living facilities 231C.2
 - property primarily used or intended for human habitation containing three or more separate dwelling units
 - Healthcare facility 135C1, elder group home, child foster care facility 237 or hospice program 135J.1
 - Portions of properties less than three units used or intended to be used for human habitation (and a portion of the land) regardless of the number of units and that is not otherwise classed residential



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441.21 Subdivision 13

Multi-Residential Classification

Beginning 2015 Assessment New Class

- Excludes:
 - Section 42 housing
 - Hotels
 - Motels
 - Inns
 - Other buildings where rooms or dwelling units are typically rented for less than one month



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441.21 New Subsection 13 Multi-Residential

Rollbacks

- 2015 Assessment 86.25%
- 2016 Assessment 82.5%
- 2017 Assessment 78.75%
- 2018 Assessment 75%
- 2019 Assessment 71.25%
- 2020 Assessment 67.5%
- 2021 Assessment 63.75%
- 2022 Assessment = residential rollback



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State Payments

- Business property tax credit 100%
- 1st year rollback on commercial, industrial 100% replacement claim
- 2nd year rollback on commercial industrial 100% replacement claim
- Replacement claim for rollback on commercial industrial capped at 3rd year amount

Local Dollars

- Rollback on railroad 100%
- Exemption for telecommunications
- Rollback for Multi-residential
- Rollback on commercial industrial after 3rd year > than claim amount in year 3

Summary

**It will get easier
once you make the
initial push.**



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Questions?

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